



United States
General Accounting Office
Washington, D.C. 20548

General Government Division

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July 31, 1997

The Honorable Richard K. Armey
Majority Leader
House of Representatives

The Honorable John Kasich
Chairman, Committee on the Budget
House of Representatives

The Honorable Bob Livingston
Chairman, Committee on Appropriations
House of Representatives

The Honorable Dan Burton
Chairman, Committee on Government Reform
and Oversight
House of Representatives

The Honorable John M. McHugh
Chairman, Subcommittee on the Postal Service
Committee on Government Reform and Oversight
House of Representatives

Subject: The Results Act: Observations on the Postal Service's June 1997
Draft Strategic Plan

On June 12, 1997, we were asked by the Majority Leader and Chairmen Kasich, Livingston, and Burton to review draft strategic plans submitted by the cabinet departments and selected major agencies for consultation with Congress as required by the Government Performance and Results Act of 1993 (the Results Act). Chairman McHugh also asked that we include the U.S. Postal Service's draft strategic plan in our review. This letter is our response to the request concerning the U.S. Postal Service.

Objectives, Scope, and Methodology

Our overall objective was to review and evaluate the latest available version of the Postal Service's draft strategic plan. As you requested, we specifically (1) assessed the draft plan's compliance with the Results Act's requirements and its overall quality, (2) determined whether the Service's major statutory responsibilities are reflected in the plan, (3) determined whether the plan addressed major management problems, (4) reviewed the Service's capacity to provide reliable information for measuring

results, and (5) determined whether the plan evidences input from consultations and interagency coordination for any cross-cutting functions.

We reviewed the Postal Service's June 16, 1997, draft strategic plan. Specifically, to determine whether the Service's draft strategic plan complied with the requirements of the Results Act, we compared the plan with the Act's requirements using our May 1997 guidance for congressional review¹ as a tool. Our overall assessment of the Service's draft strategic plan was generally based on our knowledge of the Postal Service's operations and programs, and on our numerous reviews of the Service. We also reviewed the most recent reports on the Service's financial statements by the independent, certified public accounting firm of Ernst and Young, LLP.² See Related GAO Products at the end of this letter for a list of our recent major products related to the Postal Service.

Background

The Postal Reorganization Act of 1970 (P.L. 91-375) reorganized the former U.S. Post Office Department into the U.S. Postal Service, an independent establishment of the executive branch. It has a public service obligation to provide postal services to all communities, and it must largely finance its operations from its own revenue sources.³ As we recently reported, mail service is a long-standing part of American culture and business.⁴ The Constitution empowers only Congress to establish post offices,⁵ and it is a federal criminal offense for anyone other than the government to deliver most letters. The letter mail monopoly was created by Congress to ensure that the Service has sufficient revenues to carry out its public service mandates, including providing regular mail delivery service (typically 6

¹See Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review (GAO/GGD-10.1.16, May 1997).

²The Postal Service is required to obtain an annual certification of the accuracy of its financial statements from an independent, certified public accounting firm. The Postal Service is unlike many federal agencies in that it is not subject to the Chief Financial Officers Act or the Federal Managers Financial Integrity Act.

³The Postal Service does not depend on appropriations for its basic operations but receives some funds for, among other things, free and reduced rate mail, such as mail for the blind. In fiscal year 1996, the Service reported \$56.4 billion in operating revenues, of which \$93.1 million was appropriated for free and reduced rate mail.

⁴Postal Service Reform: Issues Relevant to Changing Restrictions on Private Letter Delivery (GAO/GGD-96-129A/B, Sept. 12, 1996).

⁵As we recently reported, local post offices have long been a part of American culture and business, and the Postal Reorganization Act of 1970 provides that no small post office can be closed for economic reasons alone. See U.S. Postal Service: Information on Post Office Closures, Appeals, and Affected Communities (GAO/GGD-97-38BR, Mar. 11, 1997).

days a week) to all communities, providing uniform rates for at least one class of letter mail, and maintaining a national network of post offices.

Since 1970, the Postal Service has gained greater commercial freedom, the scope of its monopoly has been narrowed, and competition has increased from private delivery companies and electronic communications alternatives. The mission of the Postal Service and its predecessor has long been and continues to be debated, including the balance between fulfilling its public service responsibilities and remaining a viable self-financing entity. The House Subcommittee on the Postal Service is currently considering comprehensive postal reform legislation (the Postal Reform Act of 1997, H.R. 22) intended to grant the Service more flexibility in setting postal rates and introducing new products and services, while ensuring that a viable universal mail delivery system at reasonable rates remains the primary mission of the Postal Service.

To carry out its mission, the Service has a presence in every community across the country. The Postal Service is the nation's largest civilian employer with more than 860,000 employees as of the end of fiscal year 1996. In 1996, the Service maintained over 35,000 postal facilities and delivered more than 180 billion pieces of mail to nearly 130 million households and businesses. In fiscal year 1996, the Service raised more in revenues than those of all but eight U.S. companies. In many respects, the Postal Service operates much like a business in that it provides products and services in an increasingly dynamic competitive environment.

The Results Act calls for the Service to submit a strategic plan to the President and the Congress by September 30, 1997.⁶ The Service has engaged in strategic planning for several years using its current management system called "CustomerPerfect!"—which is based on criteria from the Malcolm Baldrige National Quality Award—to make improvements.⁷ This system includes four major phases: (1) establishing goals, (2) deploying resources toward achievement of those goals, (3) implementing improvement actions, and (4) reviewing performance and adjusting actions. We recognize that the strategic planning process is ongoing and iterative in nature. Therefore, our comments on the June 1997

⁶Unlike federal executive branch agencies, the Postal Service is not required to submit its strategic plan to the Office of Management and Budget (OMB) and is not subject to the provisions of OMB's Circular No. A-11, part 2.

⁷The Malcolm Baldrige National Quality Award is made annually to recognize U.S. companies for business excellence. Award recipients need to demonstrate results and results improvement in a wide range of indicators: customer-related, operational, and financial. Results reported need to address all stakeholders, including customers, employees, owners, suppliers, and the public.

draft plan reflect a snapshot of the current status of the plan. The Postal Service is continuing work to revise the draft with input from Congress and other stakeholders.

Results in Brief

The Postal Service's draft strategic plan generally includes the six components required by the Results Act and provides useful information on the Service's vision of its future and how the Service plans to achieve its desired results. However, the plan's discussion of some components could be strengthened to better meet the purposes of the Act. For example, the mission component of the plan could be more comprehensive, and the goals and objectives could more completely cover the Service's major functions and operations. The plan generally reflects the Service's major statutory responsibilities, but it could be more detailed in discussing how major management problems could affect the achievement of goals, how the plan reflects input from consultations, and interagency coordination. The plan also recognizes that the Service is working to improve its information capacity so that the Service can measure progress toward all of its goals.

Overall, the draft plan is conceptually consistent with the Results Act's concept of a systematic management process that uses results-oriented goals and strategies as well as performance indicators to measure progress toward these goals. However, the plan would benefit from a more complete mission statement that conveys the requirement that the Service is to fulfill its mandate to bind the nation together while being largely a self-supporting entity. Also, the general goals and objectives and strategies to achieve the goals and objectives do not cover some of the Service's major functions and operations, specifically those related to providing universal access to mail services. Further, while the plan contains a useful chart that helps relate performance measures to general goals/objectives, the Service acknowledges that it is still in the process of identifying tangible performance indicators and target levels to measure progress toward all of its goals.

The draft plan generally reflects the Service's major statutory responsibilities and identifies the 1970 Postal Reorganization Act as the basis for its public service mission. However, the plan could better discuss how its overall goals, strategies, and performance measures may be affected by key management problems that have been identified over the years, such as the need to (1) improve labor-management relations, (2) strengthen internal controls to protect revenues, and (3) ensure the

integrity of acquisitions. Finally, the draft plan does not indicate how the views of stakeholders or others were considered as a result of consultations or offer evidence of interagency coordination with executive branch agencies in some areas where coordination might be appropriate, such as with the U.S. Justice Department, which helps enforce laws related to postal matters.

Draft Plan Is Consistent With the Act's Focus on Results but Could Be Strengthened

The Postal Service's draft strategic plan is a work in process that provides much useful information on its future vision. The draft plan shares the Act's focus on a single overriding goal: results. The draft plan is conceptually consistent with the Act's concept of a systematic management process that uses results-oriented goals and strategies as well as quantitative performance indicators to measure progress toward these goals.⁸ Moreover, the draft plan contains an informative discussion of key external factors, including competitive forces, the general economy, and proposed postal reform legislation, that could affect the Service's ability to achieve its goals. The plan also describes the Service's "continuous improvement" efforts, which include systematic reviews to track progress against goals and identify additional steps needed to ensure achievement of goals.

Recognizing that the draft plan has many strengths, we believe it could be strengthened further to better meet the purposes of the Results Act. Although the draft plan discusses all six components required by the Act, in some areas, it could be more comprehensive, clear, and consistent.

Mission Statement

The Results Act requires the strategic plan to contain a comprehensive mission statement covering the major functions and operations of the Service. The mission component of the Postal Service draft plan contains a mission statement and supplemental explanatory discussion. However, this component could be more complete and more clearly conveyed.

First, the mission statement could be made more complete by better conveying the requirement that the Service is to fulfill its mandated mission to bind the nation together while being a self-supporting entity. Although the plan recognizes that the Service must depend on its own revenues to be a viable entity, the mission statement does not specifically state that the Service fulfills its basic mission while being largely

⁸Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

self-supporting. Much of the current debate about the Service's mission centers on what products and services it should be allowed to provide in order to remain a self-supporting entity.

Second, the explanatory discussion in the mission component of the plan could more clearly convey the meaning of the basic mission of the Service to "bind the Nation together" by "render[ing] postal services to all communities." Specifically, the explanatory discussion could better communicate that fulfilling this mission involves providing all communities with regular mail delivery and ready access to postal retail services. It would also be useful if the discussion in the mission component better defined the nature of the Service's mission to bind the nation together. The Postal Service has long provided nationwide mail delivery and postal retail services to fulfill its mission of providing universal postal service, and Congress has affirmed the importance of these functions and operations.

The remainder of the plan also could be more clear and consistent in defining universal service. For example, while the draft plan states that First-Class mail is a product that "remains the only public universal service,"⁹ it also states that the Service continues to provide "universal service" to a periodicals industry¹⁰ "that has historically been critical to the democracy and continues to be so today." Further, the draft plan indicates that the Service could deliver electronic commerce and communications in the 21st century through "a combined electronic/paper universal service infrastructure." Greater clarity and more detailed support in this area of the draft plan would help stakeholders by demonstrating the Service's continued commitment to its mission of binding the nation together as well as indicating whether the Service foresees fundamental changes in this area.

Goals and Objectives

The Results Act requires that the plan contain general goals and objectives, including outcome-related goals and objectives, for the major functions and operations of the Service. This draft of the plan moves in the right direction by laying out a number of specific goals and objectives that relate to growing the Service's key businesses. In particular, the plan sets out three major goals that are intended to improve (1) customer satisfaction, (2) employee and organizational effectiveness, and

⁹The draft plan contains a footnote that explains that "In an age of telecommunications reform, this distinction could become more important."

¹⁰There is a separate class of mail for delivery of periodicals.

(3) financial performance. These goals are consistent with the spirit of the Results Act.

One of the key ways in which the draft plan could be more complete is in the setting of targets for carrying out the Service's major functions as a provider of universal postal service. The plan did not contain goals and objectives for carrying out the universal service functions that the Service performs. While the plan contains goals for timely delivery of mail, it does not set goals for two main universal service functions—providing mail delivery service to all communities and providing ready access to postal retail services. Developing explicit goals or subgoals for carrying out these functions could help demonstrate that the Service is continuing to meet its public service obligations, as well as help build support for a shared vision of how the Service will fulfill its universal service mandate in the future.

Strategies to Achieve Goals and Objectives

The Results Act requires the strategic plan to contain a description of how the goals and objectives are to be achieved, including a description of the operational processes, skills and technology, and the human, capital, information, and other resources required to meet these goals and objectives. The plan contains a section entitled "How Will We Get There?" that addresses this requirement. The plan also describes the Service's operational processes used by management to plan, implement, and review performance against desired goals and objectives. The plan summarizes the processes the Service uses to define goals and objectives as well as the resources in the Postal Service network that will be employed to meet these goals and objectives. In addition, the plan contains an informative section on the Service's process for making capital investments necessary to meet its goals, along with information on specific amounts allocated for various capital needs.

Providing multiple goals is a strength of the draft plan because achieving success on multiple dimensions is necessary for organizational success. However, setting multiple goals creates the challenge of managing to achieve these goals simultaneously. As we noted in our recent testimony,¹¹ while the Postal Service reported improving overnight delivery of local residential mail to 91 percent during 1996, during the same period, the rate for on-time delivery of 2-day and 3-day mail—at 80 and 83 percent respectively—was not as high as that for overnight delivery. Such performance raised concern that the Postal Service's emphasis on

¹¹U.S. Postal Service: Continued Challenges to Maintaining Improved Performance (GAO/T-GGD-97-88, Apr. 24, 1997).

overnight delivery came at the expense of 2-day and 3-day mail delivery. The Postal Service faces an even more difficult challenge in successfully implementing the full set of goals and subgoals in its draft strategic plan. The draft plan recognizes the challenge of meeting multiple goals, but it could better explain how postal executives will manage progress toward multiple priorities.

**Relating Annual
Performance
Goals/Measures to General
Goals and Objectives**

The Results Act requires the strategic plan to contain a description of how the performance goals included in the annual performance plan are to be related to the general goals and objectives in the strategic plan. The Service's draft plan meets this requirement, and includes a useful chart that summarizes the major goals, specific subgoals, performance indicators, and targets. We consider the chart to be one of the strengths of the current plan, but we also recognize that the Service has not developed all of the indicators and targets that it will need.

The draft strategic plan recognizes that the Service will be developing and submitting annual performance reports to compare results with goals and objectives. However, as the Service also recognizes in the draft plan, it currently does not have a complete set of performance indicators to measure improvement. For example, the Service has developed specific targets for on-time delivery of First-Class mail, but it has yet to determine the indicator(s) and targets for meeting its goal of enhancing the workplace environment to improve relationships with employees.

Key External Factors

The Act requires an identification of those key factors external to the Postal Service, and beyond its control, that could significantly affect the achievement of its general goals and objectives. The Service's plan identifies many external factors, such as the impacts of growing competition, electronic messaging capabilities, and changing customer demands. The plan also has an informative discussion of anticipated economic growth and of how economic and demographic trends could affect the Service. The plan explicitly addresses external factors by setting forth a growth strategy designed "to meet the expanding requirements and specialization demanded by customers today."

The plan also notes the importance of pending postal reform legislation that could make changes to the statutory framework governing the Postal Service. The plan points out that the proposed legislation contains a significant overhaul of the pricing mechanisms used to set postal rates and

explains how such a change could help the Service achieve its goals: “By allowing reasonable pricing changes to occur without extensive regulatory hearings, the Postal Service would be able to react more quickly to changing market conditions and focus more directly on the needs of its customers.” However, the plan could also recognize that many other aspects of the proposed comprehensive postal reform legislation—such as provisions establishing a presidential postal employee-management commission, ending Treasury Department control of Postal Service banking, limiting the postal monopoly, and establishing a demonstration project to test relaxing the mailbox restriction—could have implications for its key functions and operations.

Program Evaluation

The Act requires a description of the program evaluations used in establishing or revising general goals and objectives, with a schedule for future program evaluations. Under the Act, program evaluation is defined as an assessment, through objective measurement and systematic analysis, of the manner and extent to which Postal Service programs achieve intended objectives. The Service’s plan explains that the Service differs in fundamental ways from other federal agencies so that classic governmental program evaluation is less appropriate than other forms of review used by the Service. The plan describes the Service’s review processes for evaluating progress towards its goals, but in some areas, the plan does not indicate how the results of review activities relate to specific goals and objectives.

The plan describes the Service’s process for systematic review, including its overall process management review cycle and three specialized review processes: capital investment review and approval, new product development, and reviews of new and ongoing activities by the Postal Service Inspector General and Inspection Service. The plan also states that the Service plans to conduct another assessment of the Postal Service based on criteria drawn from the Malcolm Baldrige National Quality Award assessment process.

However, the plan varies in the way it explains the linkage between different review processes and the goals and objectives. For example, in the area of capital investments, the plan has a clear summary of the four-step process that is used to develop and monitor projects from start to finish as well as to determine whether the projects achieve intended goals. In contrast, the plan contains little discussion of how the results of other systematic reviews, such as performance audits by the Postal

Service Inspector General, the Postal Inspection Service,¹² or the Baldrige Award assessment process, relate to specific goals, objectives, and other components of the plan. We believe these sections of the plan could be made more useful to stakeholders through additional explanation of how these review processes are linked to the Service's goals and objectives.

Key Statutory Authorities Generally Reflected in the Service's Strategic Plan

To further review the strategic plan's consistency with the intent of the Results Act, we were asked to determine whether the draft plan reflects the Service's major statutory responsibilities, and whether those responsibilities are reflected in the plan's goals. The draft plan generally reflects the Service's major statutory responsibilities, although it could be more detailed. For example, as previously discussed, the mission component of the plan is focused on the major statutory authority that serves as the basis for its mission: the 1970 Postal Reorganization Act. However, the plan does not have specific goals for carrying out the universal service functions that the Service performs, including providing national delivery of mail and ready access to postal retail services. In addition, the plan could place greater emphasis on the statutory requirement that the Service deliver certain mail at a uniform rate, a requirement that has long been associated with providing universal service.

The Draft Plan Could Address Major Management Problems More Effectively

The Act requires the plan to describe how goals and objectives are to be achieved, and therefore it is helpful for the plan to address management problems that could affect the achievement of goals. The draft plan does address a number of major management challenges, including the need for the Service to improve customer service, increase productivity, control costs, and increase revenues. However, the plan does not appear to fully discuss some other problems that face the Service, such as how labor-management relations may affect the Service's ability to achieve major goals related to improving employee and organizational effectiveness and to control costs by achieving productivity gains. In addition, the plan could better address other significant problem areas, such as weaknesses that we have identified in internal controls that may reduce revenues and compromise the integrity of certain acquisitions.

¹²The Postal Inspection Service, which is part of the Postal Service, is responsible for enforcing postal laws.

As we have reported, improving labor-management relations is one of the major management problems facing the Service.¹³ The plan describes the Service's initiatives to improve labor-management relations, but the plan could more explicitly discuss how labor-management relations could affect achievement of goals and the strategies to address these potential impacts. One of the Service's core strategies is to manage its operating costs by improving labor productivity and reducing cost per work hour. However, the Service's ability to meet its goal of reducing cost per work hour may be affected by its statutory requirements related to collective bargaining for wages and other terms and conditions of employment. If collective bargaining impasses develop, which have occurred as far back as 1978, binding arbitration by a third party is required. Labor contracts set wages for bargaining employees. Employee costs comprise most of the Service's operating costs, and therefore its ability to control labor costs largely determines whether the Service meets its cost reduction goals. The plan could be more useful if it more directly addressed labor-management issues and their potential effect on the Service's goals and strategies.

In addition, the draft plan contains little discussion of the need to improve internal controls, which is an area that we have previously identified as an important management weakness. We recently testified that improving internal controls to protect revenue remains a concern.¹⁴ We reported in June 1996 that weaknesses in the Postal Service's control for accepting bulk business mail prevented it from having reasonable assurance that all significant amounts of postage revenue due were received when mailers claimed presort/barcode discounts.¹⁵ The Service plans to improve the processes used in the verification of bulk mail, which accounts for nearly half its revenues. However, the draft plan does not mention revenue protection initiatives for bulk mail.¹⁶ Other areas of recent concern have been the overall integrity of Postal Service acquisitions¹⁷ and

¹³U.S. Postal Service: Labor-Management Problems Persist on the Workroom Floor (GAO/GGD-94-201A/B, Sept. 29, 1994).

¹⁴GAO/T-GGD-97-88.

¹⁵U.S. Postal Service: Stronger Mail Acceptance Controls Could Help Prevent Revenue Losses (GAO/GGD-96-126, June 25, 1996).

¹⁶The draft plan summarized the Service's "aggressive 'ease of use' program" designed to reduce variations in interpretation and application of rules and regulations as well as to reduce the number and complexity of these regulations, when possible.

¹⁷Postal Service: Conditions Leading to Problems in Some Major Purchases (GAO/GGD-96-59, Jan. 18, 1996).

strengthening program oversight.¹⁸ The Service has taken steps to deal with these concerns. However, in our view, because internal controls over revenue protection, the integrity of acquisitions, and oversight of postal programs will continue to be important concerns, the draft plan could be enhanced by placing greater emphasis on these areas.

The Service Continues to Develop Performance Indicators and Information Systems

The Service acknowledges in its draft plan that it currently does not have a sufficient amount of data and information to completely measure results. The Service also indicates that it plans to continue developing (1) performance indicators to allow measures of improvement for all goals in the plan, and (2) measures called “internal process drivers” that managers can use to evaluate and improve performance to reach the goals in the plan. Although we have not reviewed the Service’s information or internal assessment systems, the Service has emphasized that it is developing a management system that will allow management to track progress and take additional steps to ensure the achievement of targets.

Another important issue related to performance measurement is the accuracy and reliability of the data used to measure results. This issue has been raised in congressional hearings related to the quality of Service data used for ratemaking. At the request of the Chairman of the House Subcommittee on the Postal Service, a review of the quality of the data used in ratemaking is being conducted by a contractor, whose progress will be monitored by the Postal Service, the Postal Rate Commission, and us. This study will examine some of the specific issues that have been raised about the completeness and accuracy of data used for ratemaking.

Some data, such as financial data that may be used to measure performance, have been audited by outside parties. For example, the Service’s financial statements, which relate to the Service’s financial performance measures, are audited and some aspects of its internal control structure reviewed annually by its outside auditor, Ernst & Young LLP. In the Service’s 1996 annual report, Ernst & Young LLP said that the financial statements presented fairly, in all material respects, the Service’s financial position at September 30, 1996 and 1995, as well as the results of its operations and cash flows for each of the 3 years for the period ending September 30, 1996, in conformity with generally accepted accounting principles. The Service plans to use financial data, such as net income, as a

¹⁸U.S. Postal Service: Improved Oversight Needed to Protect Privacy of Address Changes (GAO/GGD-96-119, Aug. 13, 1996).

key performance indicator to measure progress toward its financial performance goal.

Another key data source discussed in the Service's plan is its major information systems. In its strategic plan, the Postal Service included a plan to enhance information technology capabilities throughout its network, such as by developing (1) a new integrated, managed network service, (2) an improved computer system to support retail and delivery activities, and (3) a delivery confirmation system. The plan does not discuss how the Service will address two high-risk areas that we have identified as governmentwide problems: computer security and the need for computer systems to be changed to accommodate dates beyond 1999—the so-called “year 2000 problem.” Additionally, many of the Service's current information systems directly support key mission functions, such as retail operations, mail processing, delivery, internal communications, and law enforcement. Although we have not evaluated the Service's information systems, they do handle information that needs to be protected against unauthorized access and disclosure and that may be vulnerable to problems associated with the year 2000. These issues have a significant potential impact on all federal agencies' ability to effectively conduct operations. Accordingly, we believe a discussion in the plan of both these issues and the steps the Service has taken, has under way, or plans to take to address them would be useful to its stakeholders.

Discussion of Comments Obtained From Consultations and Interagency Coordination Could Be More Complete

The Results Act requires that in developing its plan, the Service consider the views and suggestions of those entities potentially affected by or interested in such a plan. The plan describes how the Service solicited input from stakeholders, but it does not explain what input was received or how it was addressed. Although the Service interacts with a number of agencies in carrying out its operations, such as the enforcing of laws related to postal matters and the printing of stamps, the plan does not offer evidence of interagency coordination with executive branch agencies. Further development of this section would help Congress and other stakeholders to be more informed about the substance of the consultations that took place.

The Service's draft plan does not discuss the substance of the comments that it received from stakeholders or how the comments were addressed in the plan. In addition, some concerns were raised that the timing of the development of the plan did not allow for sufficient stakeholder review and input on the actual draft. Now that the plan is drafted, the Service has

an opportunity to continue consultations with Congress and other key stakeholders to obtain meaningful input on the mission, goals, and measures in the plan. Such consultations could also help build support for the plan.

Although the Postal Service plays a largely unique role in the federal government, it does interact with a number of federal agencies. However, the draft strategic plan does not evidence interagency coordination with executive branch agencies, such as with (1) the U.S. Justice Department, which helps enforce laws relating to postal matters; (2) the Bureau of Engraving and Printing, which prints many stamps; and (3) the Census Bureau, which works with the Postal Service to develop the address list for the decennial census. To the extent that the Service's relationships with other agencies could affect achievement of the Service's goals, a discussion of interagency coordination would be helpful.

Agency Comments

On July 29, 1997, we met with, and obtained oral comments on a draft of this letter from, Postal Service officials, including the Vice President, Controller; and the Vice President, Strategic Planning. They stated that they found our observations to be helpful and said they would address our suggested improvements in the August 1997 draft of their plan and in their planning for fiscal year 1999 along with suggestions they have received from others. In addition, they said that they would include additional specificity on goals and performance measures in the annual performance plans. They also noted, and we agree, that the Postal Service's "CustomerPerfect!" management system provided a good foundation for the Service to address Results Act requirements.

We will send copies of this report to the Minority Leader of the House of Representatives; Ranking Minority Members of your Committees and Subcommittees; the Chairman and Ranking Minority Member of the Subcommittee on International Security, Proliferation and Federal Services, Senate Committee on Governmental Affairs; the Postmaster General; and other interested parties. Copies will also be made available to others upon request.

Major contributors to this letter are listed in the enclosure. If you have any questions, please call me on (202) 512-4232.

A handwritten signature in black ink, appearing to read "Bernard L. Ungar". The signature is fluid and cursive, with the first name "Bernard" being more legible than the last name "Ungar".

Bernard L. Ungar
Director, Government Business
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Enclosure

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Related GAO Products

U.S. Postal Service: Information About Restrictions on Mailbox Access
(GAO/GGD-97-85, May 30, 1997).

U.S. Postal Service: Continued Challenges to Maintaining Improved Performance (GAO/T-GGD-97-88, Apr. 24, 1997).

U.S. Postal Service: Information on Emergency Suspensions of Operations at Post Offices (GAO/GGD-97-70R, Apr. 23, 1997).

U.S. Postal Service: Information on Post Office Closures, Appeals, and Affected Communities (GAO/GGD-97-38BR, Mar. 11, 1997).

Postal Reform in Canada: Canada Post Corporation's Universal Service and Ratemaking (GAO/GGD-97-45BR, Mar. 5, 1997).

U.S. Postal Service: Revenue Losses From Express Mail Accounts Have Grown (GAO/GGD-97-3, Oct. 24, 1996).

Postal Service Controls Over Postage Meters (GAO/GGD-96-194R, Sept. 26, 1996).

Inspectors General: A Comparison of Certain Activities of the Postal IG and Other IGs (GAO/AIMD-96-150, Sept. 20, 1996).

Postal Service Reform: Issues Relevant to Changing Restrictions on Private Letter Delivery (GAO/GGD-96-129A/B, Sept. 12, 1996).

U.S. Postal Service: Improved Oversight Needed to Protect Privacy of Address Changes (GAO/GGD-96-119, Aug. 13, 1996).

U.S. Postal Service: Stronger Mail Acceptance Controls Could Help Prevent Revenue Losses (GAO/GGD-96-126, June 25, 1996).

U.S. Postal Service: Unresolved Issues in the International Mail Market
(GAO/GGD-96-51, Mar. 11, 1996).

Postal Service: Conditions Leading to Problems in Some Major Purchases
(GAO/GGD-96-59, Jan. 18, 1996).

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